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## WORLD PEACE THROUGH FOREIGN TRADE\*

LEONARD V. B. SUTTON†

UNDOUBTEDLY, THE Second Industrial Revolution blossomed early due to the tremendous scientific development that was a by-product of World War II. The birth of the nuclear age, when viewed in retrospect, opened for mankind not only new dangers but also new hopes for human betterment. The threats of the A bomb, and later the H bomb, have forced competing ideologies to seek peaceful means to solve disputes; and have led to a myriad of scientific discoveries that have benefited industry as well as raised living standards for all who can purchase the new products flooding the world's markets. This new Industrial Revolution did not reach voting age until it fathered the Space Age with all the bewildering wonderment of men in space, rockets to the moon, Mars probes, fantastic speeds, space satellites and miniaturization of products. In a more mundane perspective it can be noted that Americans can now see European television programs beamed live everywhere in their vast land; and, everywhere, people today own transistor radios or other devices that have sprung from these advances.

The same pace of development has occurred in the fields of medicine, drugs and chemistry with artificial kidneys and hearts, antibiotics and crop sprays, for example. Other far reaching changes have been occurring in the fields of education, law, commerce, foreign trade and in the negotiating machinery which it is hoped will lead to a peaceful world.

Today, due to the rapidly changing international markets, sellers can take advantage of, and create additional export business in, goods and services which a few years ago most exporters would not have thought of selling to foreign customers. For example, such things as educational systems, teaching methods, school books, note paper and

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even pencils, tape recorders and educational television are all actively exported to an ever expanding market, and many American colleges and universities have either branches abroad or exchange teaching staffs. Another very large field of foreign trade today, that scarcely existed a few years ago, is in agricultural techniques, machinery, farm chemicals and in exporting America's former huge crop surpluses. Opportunities abound for those with imagination, drive and the vision to foresee the ever-growing needs and desires of mankind.

There are dark clouds, however, on the foreign trade horizon. These grow primarily from the rising tide of expectations that have stimulated the minds of men in the newly emerging nations or what used to be called the "have-not" countries. To put this thought in perspective, it is first necessary to review some basic facts.

The beginning point is to realize that approximately two-thirds of the world's people are underfed or at least undernourished, poorly housed and, in great part, either completely illiterate or at best semi-literate. Second, some of these people live in lands which have no known significant mineral or other natural resources, and some live in countries where, though such resources are available, no modern extractive or development possibilities exist at this time. Third, the well-known population explosion has a bearing on what happens in the world. Fourth, there are today not only diverse and hostile political concepts and systems competing for men's minds, but also there are competing races and religions in most areas on this planet. And, fifth, there has been an awakening in nearly all of mankind of a global consciousness in just the last two decades, brought about by new ideas and the advances in science, technology, communication and transportation. The world has shrunk and such is a daily physical fact in the lives of millions of people. Isolationism known as late as the nineteen thirties is dead and buried. Truly, all the world is a stage, or perhaps Shakespeare should be paraphrased today to "all the world is a giant classroom or laboratory" in which mankind is seeking and probing for justice, for better living conditions, and for a brighter human future. When so viewed, it can easily be seen that it is essential to find new ways to mobilize human talents and to allocate the world's resources for today's priorities.

The first machines invented increased man's capacity for physical work, and the computer and calculator of this generation have increased the capacity of the human mind. The difficulty is, however,

to diffuse the electronic and other scientific progress for the benefit of human beings. Vice-President Hubert Humphrey recently said in a speech that "Discoveries [today] are based on previous knowledge and, in turn, generate progress in other fields. Progress becomes self-propelling."<sup>1</sup> The Vice-President went on to point out that only four areas of the world, the United States, Western Europe, Japan and the Soviet Union "have the educational and research resources and other elements of a technological base to deal with the current pace of scientific discoveries."<sup>2</sup> It seems in this connection that the degree of progress that can take place in the world today, to a great extent, depends upon two factors, *viz.*, organizational capacity and the rate of capital investment, particularly in research and development; and, obviously only those four areas of the world have such capacities and abilities.

The point to note here, in regard to technological progress, is that in those few countries that have the modern machines, techniques and know-how, the scale of living is being rapidly accelerated with no end yet in sight; for, as Vice-President Humphrey said, "Progress becomes self-propelling." Whereas, on the other hand, countries like India with a burgeoning population increase are falling behind regardless of the hard work expended to raise productivity. Thus a dangerous "technological gap" is rapidly widening between the United States and non-industrialized countries and even between America and Western Europe where fragmentation still exists to a great extent. And this is true in spite of the progress made by the European Economic Community—which presently includes only six member nations.

Thus, even foreign trade, as now known, has to evolve into new shapes, sizes and concepts to fit the world's changing needs. The United States, somehow, through joint efforts of both the private and governmental segments of its society, must guide the growth of trade and the ideas of its trading neighbors along paths that will accomplish a correlated economic development. If it fails to do so, it risks not only alienation of its present active partners in the Free World, but also the loss, for an indefinite period, of the vast neutral areas in the balance of the world.

Opportunities for increased foreign trade are not restricted to those

<sup>1</sup> Address by Vice-President Hubert H. Humphrey, *World Leadership and International Education*, Institute of International Education, meeting held in New York City, December 6, 1966.

<sup>2</sup> *Id.*

new types of services and materials mentioned previously. There are also numerous others if one is willing to accept the thesis that technologically developed countries can in some way export material progress to those who are less fortunate. The dangerous rich-poor gap seems to require the creation of many large integrated continental common markets. The European Economic Community (EEC) has worked well for its six member nations and the fairly new Central American Common Market reportedly is progressing nicely for its five members. The Latin American Free Trade Association (LAFTA), however, apparently has not yet achieved its desired objectives for various reasons. Then too, the Alliance for Progress has accomplished some good, but it appears that its capacities to accomplish major beneficial changes are limited by factors beyond its control. Probably only a strong, unified market composed of all of Latin America can make that area an effective competitive trading bloc. The same can be said for Black Africa south of the Sahara, for the Middle East and for Southeast Asia. Also, Western Europe itself, to compete in the future, should have economic integration of more than only six nations. Coupled with all this, within each of these common markets, there should be infrastructure projects for the proper development of transport, power, natural resources, communications and river basins. Obviously, all this will not only benefit other countries but also will create almost limitless markets for American products and services. It might be observed here that the United States today has achieved its perpetuating growth due not only to its free political system but also due to the fact that it is an integrated large land area that can be compared, for this purpose, to Latin America or Western Europe.

By the use of common market systems, man's abilities and know-how can, and must, lift primitive agriculture into the light of modern day; rebuild the decaying central cores of the world's cities; provide decent and reasonably priced housing for all who desire it; and provide education and health care. Then too, such groupings of nations must also provide a system of regional and world courts for human rights, habeas corpus, for trade and, yes, even courts to settle military and political questions without resort to force. There is already a successful European Court for Human Rights as one example of a workable arrangement in this sphere. Separate courts for each separate problem may be the most easily adopted. In an American Bar Association Conference Committee Report drafted during the Inter-American Bar

Association meeting in San Juan, Puerto Rico, in May, 1965, it was recommended to the American Bar Association's Section on International and Comparative Law that the International Court of Justice be reconstituted and made more effective in certain ways, and, that regional international courts be created.<sup>3</sup> A treaty format was suggested at that time that would allow declarations of adherence on agreed subjects under a single regional court system. The A.B.A., following the approval of the above Section, in 1965 adopted the Committee's report recommending that the jurisdiction of the International Court of Justice be broadened to make that body much more effective. The Regional Court plan, unfortunately, was tabled for further study by the Section on International and Comparative Law. All this, however, indicates that some modest steps presently are being taken in this field.

Two pressing problems that indirectly affect foreign trade should also be mentioned here, for they both concern the amount of money available to enable people to increase their purchases of consumer products. These problems are first, the gradual reduction of non-productive national military expenditures, and second, accomplishing some democratic and equitable way to effect a distribution of purchasing power. This does not mean, however, that there will not be a need for some spending on armaments and armed services as far as can now be seen into the future. Possibly, however, a shift to a worldwide United Nations force to maintain the peace will be a fact of life in the foreseeable future and probably such will cost much less per capita than today's competing forces. Military spending, however, can only be reduced by a combination of trust, an end to the ideological struggle and the signing of treaties providing for gradual disarmament. It is obvious what could be done to raise living, health, and educational standards if a large portion of the sixty billion dollars that the United States alone now spends annually on its armed forces could be available not only for other American needs, but also for the needs of the underdeveloped parts of the world.

A rise in real income for the worker and farmer in the non-industrialized countries can also have tremendous beneficial effects on foreign trade. This is so because the demand, as well as the ability, to purchase would then exist. Probably the most realistic way to "redistribute" the

<sup>3</sup> This report was approved by the A.B.A. Standing Committee on Peace and Law Through United Nations on May 26, 1965, for presentation at the August, 1965 A.B.A. meeting.

wealth to create such purchasing power is to stop inflation and to raise real wages as well as the prices of agricultural products, in some equitable manner, within a common market area. This can then be followed by a gradual equalization of product prices between the various trade blocs.

Another approach to halt what Vice-President Humphrey calls "the coexistence of starvation and abundance on the same planet"<sup>4</sup> is to use a partnership or "systems approach" to help solve the problems plaguing humanity. This would entail the pooling of both governmental and private investment in research and development to overcome economic and social problems—most of which were not made by this generation. Here again, on an international level, can be visualized a flowing up of purchasing power from the masses rather than a trickling down from the few, as regional projects are put into effect. Loans from international lending authorities as well as private funds are already active sources of seed capital in this field.<sup>5</sup>

It is not too difficult to visualize that peace itself can come through the economic interdependence which can be seen on the horizon—and foreign trade itself is the bloodstream that will pump progress and hope through the world's veins. It has been said that two dollars in trade are as useful as one dollar in aid.<sup>6</sup> And the nice thing about trade is that it can be accomplished without political intrusion, whereas aid, due to the donor's interest in the recipient of his bounty, seems to make him think he should keep strings on it. Then too, pride is generated by self-help. Nor should humanism, as a goal, be lost sight of in the world's frenetic drive for material progress. For after all, people work not only to eat but also to secure a sense of achievement and human dignity. And this is so in spite of what are fast becoming discipline oriented, rather than problem solving oriented, educational systems.

A brief word about tariffs and trade balances should be made here to complete the skeletal picture painted above. Tariffs, of course, are

<sup>4</sup> Address by Vice-President Hubert H. Humphrey, Symposium on Technology and World Trade, National Bureau of Standards, United States Department of Commerce, November 16, 1966.

<sup>5</sup> See generally, Bassiouni and Landau, *United States Public Sources for International Investment and Trade*, 17 DE PAUL L. REV. — (1967) (*infra*).

<sup>6</sup> Interview with Dr. Byron Johnson, former Congressman from Colorado and later AID official, in Colorado, March, 1967.

deemed essential to protect many new industries; however, as one learns in college economics, a free trade area is generally more prosperous than a restricted area—at least within certain geographical limits. Today's best examples of large free trade areas are the United States and the European Economic Community. Perhaps it can be said that the larger success of the United States in achieving economic greatness is because the "Treaty of Philadelphia" in 1776 turned out in fact to be a true federal constitution, whereas the Treaty of Rome in 1957 was and still remains in fact a treaty.

In order to sell goods and services, obviously the customer must have acceptable cash or its equivalent. It is a common saying that trade is a two-way street. Thus, to sell, one must also buy; and this means there cannot be prohibitive restrictive tariffs. It follows that one way to increase foreign trade is to lower or eliminate tariffs wherever possible. That, of course, is the *raison d'être* of the present round of so-called Kennedy Trade Talks in Geneva.

Another way to increase trade, as mentioned earlier, is to increase consumption in the purchasing country by helping it to industrialize and to have modern agricultural production, with the attendant higher wages. Obviously such a course is a necessity in today's world for those nations which produce solely or principally only raw materials. Such economies are caught in the same price squeeze as the American farmer, who sells at wholesale and has to buy at retail. The end result, of course, in such a system is a continual drain of the purchaser's finances that either gravely depresses living standards or has to be compensated for in some fashion.

Although the United States must be ever vigilant to protect its own political and economic systems, no knowledgeable person can believe that present conditions are the same as they were twenty years ago. Some past concepts are no longer relevant. One new fact today, for example, is the evidence that the Communist systems cannot keep repressed forever peoples' legitimate aspirations for freedom and economic opportunity. The stirrings seen and heard behind the Iron and Bamboo Curtains, the periodic relaxations of discipline there, and the gradual rise in living standards in Russia and Eastern Europe, seem to mean much more foreign trade with many countries as well as a gradual relaxation of Cold War tensions.

In summary, it can be said that power, in this case the power of the United States of America, brings responsibility! From the Manila



Conference of President Lyndon Johnson and certain Asian leaders in October, 1966, to the Presidential Conference of the Americas in April, 1967 in Punta del Este, it is clear that the United States has realized the interaction of social, economic and political forces, and in so doing "we recognize the responsibility of every nation to join in an expanding offensive against poverty, illiteracy and disease. For those bind men to lives of hopelessness and despair; these are the roots of violence and war"—so said the Declaration of Manila last October. One does not have to be very farsighted to know that those words will continue to be true until mankind solves its problems through mutual cooperation. And, only then will there be a peaceful world, brought about at least in part, by the full development of world trade.